



**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**



KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

November 25, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**ADOPTION OF A RATE ORDINANCE
ESTABLISHING FEE AND CHARGE RATES FOR
THE CALABASAS LANDFILL REFUSE DISPOSAL FACILITY
(THIRD DISTRICT) (3 VOTES)**

SUBJECT

The recommended action will serve to increase certain fee and charge rates at the Calabasas Landfill refuse disposal facility, effective as of January 1, 2009. The revised fee structure is necessary to fund operations and maintenance, capital expenditures and debt service obligations at the Calabasas Landfill.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the Ordinance establishing fee and charge rates at the Calabasas Landfill refuse disposal facility, effective as of January 1, 2009.
2. Find that these actions are statutorily exempt under the California Environmental Quality Act as discussed herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the above recommendations will authorize an increase to the existing fee and charge rates prescribed for waste disposal at the County-owned Calabasas Landfill (the "Landfill"). Based on advice and information from the Sanitation Districts of

Los Angeles County, it is proposed that the total rate charged for the disposal of municipal solid and inert waste (the "MSW Rate") at the Landfill be raised from \$36.42 per ton to \$38.88 per ton, effective January 1, 2009. This change to the fee structure is necessary to meet the operating needs of the Landfill and to fund principal and interest payments on the Landfill's outstanding debt obligations.

The County's authority to set rates at the Landfill was established in connection with the sale of \$38,475,000 in Bonds (defined below) to fund essential capital projects at the Landfill. These Bonds were authorized by your Board on November 22, 2005, and subsequently issued on January 5, 2006. As a condition to this issuance, the rate-setting authority at the Landfill was transferred from County Sanitation District No. 2 (the "District") to the County. The District continued as the operator of the Landfill and remains responsible for the day-to-day management of the facility.

In anticipation of proposing new rates for January 1, 2009, my office recommended that the District hire a consultant to study the current market environment at the Landfill. Because of significant declines in the amount of waste received at the site, actual landfill revenues have been considerably lower than were originally projected in late 2005. The consulting study was designed to assess the situation and recommend a possible rate structure for 2009. The fee and charge rates established by the attached Ordinance are consistent with the results of the study and have been recommended to the County by the District. They are intended to support the ongoing operation, maintenance, capital expenditures, and debt service associated with the Landfill for calendar year 2009.

Implementation of Strategic Plan Goals

This action supports the County of Los Angeles Strategic Plan Goal of Fiscal Responsibility by providing for the timely repayment of outstanding bond obligations. It supports the Strategic Plan Goal of Organizational Effectiveness through collaborative actions between the County and other local jurisdictions, including the Sanitation Districts of Los Angeles County.

FISCAL IMPACT / FINANCING

The proposed rate structure for the Landfill has been established in order to maximize the amount of net revenues available to pay debt service on the Bonds. A detailed analysis of future landfill operations indicates that a \$2.46/ton increase to the MSW Rate, effective January 1, 2009, will best position the Landfill to meet its debt service requirements and avoid any significant waste diversion to competing landfills. To the extent that net revenues from the Landfill prove insufficient to pay the debt obligations, the County has

covenanted to pay the required debt service from any source of legally available funds, including the County General Fund.

The ability of the Landfill to generate sufficient net revenues to meet debt service has become increasingly uncertain as annual solid waste deliveries to the Landfill have decreased 13.0% over the prior twelve (12) months. This downward trend is largely attributable to changes in the general economy and has been experienced at landfills throughout Southern California. For example, the District's Puente Hills Landfill has suffered a year-over-year decline in solid waste volume of greater than 11.0%. The situation at these landfills has grown increasingly severe in recent months as the local economic outlook has declined and competing landfills have sought to vertically integrate their operations.

The decrease in daily tonnage at the Landfill has also increased pressure on the District's ability to fund landfill operations. Even with the proposed rate increases for 2009, the District has informed the County that the Landfill is unlikely to produce sufficient revenues to fully satisfy its debt service obligations as early as June 1, 2009. Without action by the District or the County to either increase revenues or decrease expenses, the District has estimated that the June 2009 shortfall could total as much as \$1,500,000. To help mitigate this projected shortfall, the District has initiated a comprehensive review of landfill operations and program expenditures to identify and implement savings.

As the solid waste volume at the Landfill deteriorated in recent months, my office met with representatives from the Chief Executive Office (CEO), Public Works, and the Sanitation Districts to work on possible solutions to the anticipated revenue shortfall and secure the long-term needs of the Landfill. As shown in the following table, annual debt service on the Bonds totals approximately \$3,000,000 for each of the next two years.

| Payment Date | Principal | Interest | Debt Service |
|--------------|-------------|--------------|----------------|
| 06/01/2009 | \$1,490,000 | \$773,466.88 | \$2,263,466.88 |
| 12/01/2009 | | 742,391.88 | 742,391.88 |
| 06/01/2010 | 1,610,000 | 742,391.88 | 2,235,391.88 |
| 12/01/2010 | | 712,204.38 | 712,204.38 |

My office is continuing to monitor the financial situation at the Landfill and will report back to your Board with periodic updates on the revenue projections for 2009. If a debt service contribution is expected of the County General Fund, my department in conjunction with the CEO, will provide your Board with advance notice of any such recommendation.

FACTS AND PROVISIONS / LEGAL REQUIREMENTS

The Calabasas Landfill Project

On January 5, 2006, the Los Angeles County Public Works Financing Authority issued \$38,475,000 in lease revenue bonds (the "Bonds") in order to finance essential capital improvement projects at the Landfill. These projects are necessary to maintain compliance with statutory regulations and to provide for the continued operation of the Landfill. The sale of the Bonds provided funding to prepare the remaining undeveloped areas of the Landfill for future refuse disposal operations. As authorized by your Board, the Bonds were structured as a lease revenue transaction whereby the County agreed to pay any debt service obligation that could not be funded by revenues of the Landfill. To mitigate against the possibility that the County would have to fund some or all of any debt service payment, the County and the District agreed that future charge rates at the Landfill would require the approval of your Board.

Landfill Operations

The operation of the Landfill is governed by an Amended Joint Powers Agreement between the County and the District, dated April 1, 1966 (the "Agreement"). The Fourth Amendment to this Agreement was approved by your Board on December 5, 2005 and provided that "prices" to be charged for the disposal of refuse at the Landfill are to be determined by the County "after consultation with and advisement by the District." The Fourth Amendment specifically required that "prices" be established by the County such that net revenues from the landfill will be sufficient to meet the debt service requirements of the Bonds. The ongoing operation of the Landfill, including the management of capital projects funded by the Bonds, was unaffected by the Fourth Amendment and remained the responsibility of the District.

Historical Rate Increases

The proposed change to the fee and charge rates at the Landfill represents the third annual increase to occur since the Bonds were issued on January 5, 2006. A summary of these rate increases is provided in the table below:

| Types of Waste | 1/1/06 | 1/1/07 | 1/1/08 | Proposed 1/1/09 |
|-------------------------------------|---------|---------|---------|--------------------|
| Municipal Solid & Inert Waste (MSW) | \$31.17 | \$33.38 | \$36.42 | \$38.88 |
| Hard to Handle Bulk Items | 38.32 | 40.53 | 44.39 | 46.85 |
| Tires | 59.77 | 66.38 | 80.42 | 82.88 |
| Special Handling | 44.92 | 47.13 | 52.92 | 55.38 |
| Minimum Charge (small items) | 29.50 | 31.75 | 34.75 | 37.25 |
| Pull-Offs (unloading charge) | 27.50 | 27.50 | 33.00 | 33.00 |

Of the six rate categories referenced above, the MSW Rate is by far the most significant in that approximately ninety percent (90%) of all revenues at the Landfill result from the disposal of municipal solid and inert waste. The proposed \$2.46 per ton increase to the MSW Rate is comprised of \$1.65 per ton for the capital, operating and debt service needs of the Landfill, \$0.17 per ton for the Business License Tax and \$0.64 per ton for increases in regulatory fees. Any charge rates not specifically referenced above, or in the attached Ordinance, will be determined by the operator of the Landfill at the time of disposal. Such rate categories, including but not limited to segregated uncontaminated green waste, have been reviewed by County staff and do not have a material impact on the revenues of the Landfill.

Public Notice

In accordance with California Government Code Sections 6062(a) and 66018, public notice has been scheduled for publication in a local newspaper at least ten (10) days prior to the date of your Board's public hearing on the proposed fee and charge rates at the Calabasas Landfill.

Negative Declaration/Environmental Impact Report

Your Board's adoption of the proposed Ordinance is statutorily exempt from the provisions of the California Environmental Quality Act ("CEQA") pursuant to Section 15273 of the State CEQA Guidelines for Implementation. CEQA provides for an exemption from environmental review for specific activities that are deemed not to have a significant impact on the environment. The attached Ordinance meets this exemption given that the proposed modifications apply solely to solid waste disposal rates that generate monies for the purpose of: 1) meeting operating expenses; 2) equipment purchases and; 3) capital projects necessary to maintain services within an existing service area.

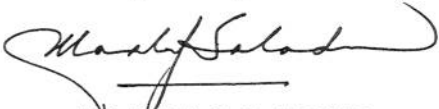
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Adoption of the proposed Ordinance will provide funding for the payment of debt service obligations associated with the Landfill and will allow for the continued operation of this waste management facility.

CONCLUSION

Upon adoption of the Ordinance, please return two stamped copies of the Board Letter and two certified copies of the Minute Order to the office of the Treasurer and Tax Collector.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:DB

Pb/brdltr/calabasaslandfill11/25/08

Attachment

c: Chief Executive Officer
County Counsel
Auditor-Controller
Director of Public Works
County Sanitation Districts



COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2713

TELEPHONE
(213) 974-1901
FACSIMILE
(213) 617-7182
TDD
(213) 633-0901

RAYMOND G. FORTNER, JR.
County Counsel

November 10, 2008

Mark J. Saladino
Treasurer & Tax Collector
437 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Attention: Doug Baron
Assistant Director of Public Finance

**Re: Amendment of Title 12, Environmental Protection
of the Los Angeles County Code**


Dear Mr. Saladino:

Enclosed please find the analysis and the ordinance amending Title 12, Environmental Protection, of the Los Angeles County Code, Section 12.48.050 to provide the County Board of Supervisors, at its determination, the option to increase fees and charge rates for the Calabasas Landfill refuse disposal facility, effective as of January 1, 2009.

This analysis and ordinance may be presented to the Board of Supervisors for its consideration.

Very truly yours,

RAYMOND G. FORTNER, JR.
County Counsel

By 
CAMMY C. DUPONT
Principal Deputy County Counsel
Government Services Division

CCD/plp

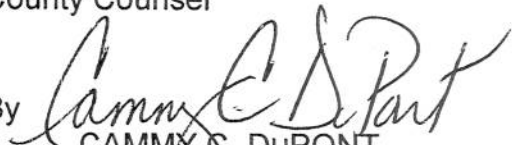
Enclosures

ANALYSIS

This ordinance amends Title 12 – Environmental Protection of the Los Angeles County Code to increase fees and charge rates for the Calabasas Landfill refuse disposal facility, effective as of January 1, 2009.

RAYMOND G. FORTNER, JR.
County Counsel

By



CAMMY C. DUPONT
Principal Deputy County Counsel
Government Services Division

/CCD

11/5/08 (Requested)

11/5/08 (Revised)

ORDINANCE NO. _____

An ordinance amending Title 12 - Environmental Protection of the Los Angeles County Code, relating to setting fee and charge rates for the Calabasas Landfill refuse disposal facility.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 12.48.050 is hereby amended to read as follows:

12.48.050 Fee and charge rates.

Effective January 1, 2008~~9~~, the following fee and charge rates will be prescribed for waste disposal at the Calabasas Landfill:

A. Types of Waste:

| Types of Waste: | Rates: |
|--|--|
| Municipal Solid and Inert Waste | \$36.42 <u>38.88</u> /ton |
| Hard to Handle Bulky Items | \$44.39 <u>46.85</u> /ton |
| Tires | \$80.42 <u>82.88</u> /ton |
| Special Handling | \$52.92 <u>55.38</u> /ton |
| Minimum Charge | \$34.75 <u>37.25</u> per load |
| Pull-Offs | \$33.00 each |

B. A surcharge of \$4.40/ton, subject to a minimum charge of \$4.40, will be charged with respect to all uncovered loads capable of producing litter.

C. A surcharge of \$4.40/ton, subject to a minimum charge of \$4.40, will be charged with respect to all non-manifested tire loads.

PUBLIC NOTICE
by
COUNTY OF LOS ANGELES
of
PUBLIC HEARING ON PROPOSED FEE AND CHARGE RATES FOR
CALABASAS LANDFILL

The Board of Supervisors of the County of Los Angeles will hold a public hearing on November 25, 2008 at the Kenneth Hahn Hall of Administration, 500 West Temple Street, Room 381, Los Angeles, California. The purpose of this hearing is to discuss proposed fee and charge rates for the Calabasas Landfill and to provide the public with an opportunity to make comments regarding the rates.

The Calabasas Landfill provides solid waste management for the surrounding communities. The cost of operation and maintenance of the landfill, as well as the debt service obligation related to bonds sold for the construction of capital facilities, is borne by the users of the landfill through the collection of tipping fees. The rates are determined based on the revenues required to properly operate and maintain the facility. Rates are proposed to increase on January 1, 2009. The current and proposed rates are listed below:

| <u>Type of Waste</u> | <u>Current Rate</u> | <u>Proposed Rate</u> |
|--|---------------------|----------------------|
| Municipal Solid and Inert Waste | \$36.42/ton | \$38.88/ton |
| Hard-to-Handle Bulky Items | \$44.39/ton | \$46.85/ton |
| Tires | \$80.42/ton | \$82.88/ton |
| Special Handling | \$52.92/ton | \$55.38/ton |
| Minimum Charge | \$34.75 per load | \$37.25 per load |
| Pull-Offs | \$33.00 each | \$33.00 each |
| Segregated Uncontaminated Green Waste | \$15.40/ton | \$17.60/ton |

In compliance with Government Code Section 6062(a) and Section 66018, this request for approval of the increased fee will be made after all public notification and hearing requirements have been met.

Written comments regarding the proposed fee and charge rates may also be mailed to the County of Los Angeles, 500 W. Temple St., Room 383, Los Angeles, CA 90012. Further information on the proposed fee and charge rates and the public hearing can be obtained from County staff at (213) 974-8359, Monday through Friday, 8:00 a.m. to 5:00 p.m.